579

Mtg: 7/7/80 Tina Ravitz's mtg. w/ Kwiatek + others

SECRET

5421

Fabian Kwiatek L/C 5th floor 4 p.m.

Israeli Desk
Mr. Bowd Korn — Office Director
Ted ~~Kobesin~~ Cubison 23672

L/NEA - regards as marginal

May 1978 (?) no cable to Israel

1978 cables
Feb. 22/1978 —

May 1978 - reply from Israel — will negotiate.

Evron
~~Dir.~~ Dep. Gen'l. of for. Min. — wait for Evron to get to D.C. → expect from I. on Liberty.
Arrived end of Dec. 1978

Delay on Dept. of Navy. They won't get $.

At 1st Treasury uninterested; now interested b/c they will get $.

FK $.36 on $1.00 → Treasury's success rate w/ negotiations. But T. wants $1.00 on $1.00 from J's negotiations.

L

Templeman — Developing Nations Financing from Treasury. Want $ 7.800 mil plus adjustmt. up to reflect inflation, additional costs, etc.

2 calculations:
(1) Cost of repairing Lib. if repaired b/d $ 18 mil.

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [signature] DATE 1/24/83
NSS or XD XT. DATE
IS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS
DECLASSIFIED RELEASABLE
RELEASE DENIED
PA or FOI EXEMPTIONS

(2)

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FKT All I must pay is cost of repair at time of damage.
At best loss of $ on interest that they didn't pay.
↓ That is 2d option
(2) ~$ 15.9 mil. → re: interest

Shd. we present $15.9 mil. 1st? Korn thinks yes. But what is fallback figure. (I. is willing to go w/ 10.7 figure.)

FKT What rate of interest is T using to calculate $ 15.9
↓ See Temple's memo.

7.8 1974
10.04 1979

Is it unreal figure politically?

I. probably wd. be willing to pay several 100,000's of 10½ mil.

Korn thinks we can get ½ of our due w/ easy payment schedule.

Is there precedent for cutting claim in ½?

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(3)

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FKT — from Treasury

Mudheim & China Claims Talks.

Res Monk

36¢ on $1.00

Asst. Gen'l Counsel

Nothing involved w/ ship or embassy

These are private settlements.

Claims Agreemt 1948 w/ Yugo.

Yugo. shot down U.S.-owned army airplane

Pd. lump sum amt.

90¢ on $1.00

Private & public Claims

1973 Claims Agreemt. w/ Hungary

40¢ on $1.00

U.S.-owned army airplane

Difference: b/c of size of pot.

Yugo. claims were smaller than those for Hungary.

Need list of precedents (to satisfy T.)

FK cd. give % of claims.

For. Claims Settlement Cmsn. —

estab. 1948

Ask Cong. to allow adjudication vis-a-vis private citizens.

Tho. legally we cd. allow Cmsn. to look at problem. Doesn't mean they'd be liberal.

(4)

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Outline of next steps:

Get agreement w/ T. on hypo. figure and a figure of settlement.

FK T Why do we need T's agreement?
Legally Secy of State has power b/c of Bus' auth.
FK has tried to keep them out. (T.)

FK T Does not have to go up to Secy himself.
Newsom has auth. to give them word.

Nice to get agreement w/ T.
But 1st want to get idea about fall back figure.

FK T Rarely do we get interest.
" " " " 100% of principal.
consider MF-N / States, etc.
Have to start at higher than 40% —
to satisfy Cong.

Dennis — wrote book about Liberty

FK T Long, Byrd — stop giving up Treasury
Don't usually get interest + I doubted
that we'd ever get it.

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Several yrs. ago, Egypt pd. us $1.00 on $1.00 for Nationalization Claims 11 mil. under Nasser. Total settlemt. was $ Intent was to repay princ.

They pd. more — supposed $10 mil. to pay but actually pd. $11 mill.

100% of principal — amt. demanded in original note of espousal. July 1, 1968.

→ Who has files? Probably NEA

How accurate is $ amt. by Navy.

FK I experts will try to show that estimate was over-inflated.

Was it damage appraisal or Navy appraisal?

FK I Govt. pd. every penny we asked for re: private injury — for death & injury claims.

(Private claims)

Arguments as to disclaiming liability

Argument of I
of non-liability —
ship in war zone.
Conducting mostly w/ Eg.
Ship not sufficiently marked.

Facts — ship in mil. water;
properly marked.

L

Unless we get prin. amt. asked Cong. will give trouble.

But) there are executive orders (don't need Cong. notification) but Cong. can create

(6)

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Other problems.

Work thru H. — let them know

$15 mil. figure justified by law of damages

(Can't figure depreciation of currency.)

FK Paymt. schedule — no need for Cong. approval.

ES — 3 yrs.; 6 installments (semi-annual)

Poland — 20 yrs.

Hung. — worked w/ them; pd. in 12 yrs

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